

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

June 23, 1999

COUNTY FISCAL LETTER (CFL) NO. 98/99-17

TO: COUNTY WELFARE DIRECTORS
COUNTY FISCAL OFFICERS
COUNTY AUDITOR CONTROLLERS

SUBJECT: FISCAL CLAIMING UNDER COUNTY WELFARE DEPARTMENT (CWD)
REORGANIZATIONS AND SUBMITTAL OF MULTIPLE COUNTY EXPENSE
CLAIMS (CEC)

Reference: CFL No. 90/91-53 dated January 8, 1991

Since the implementation of CalWORKS, there has been an increased interest for counties to reorganize their CWDs and/or submit multiple CECs. The purpose of this CFL is to provide information to CWDs on the claiming requirements associated with county reorganizations and multiple claims and to update the prior fiscal claiming policy relating to reorganizations of CWDs.

REORGANIZATIONS

CFL No. 90/91-53 provided counties with information on Super/Umbrella agencies. This CFL defined the terms "Super" and "Umbrella" and how the costs of these agencies are treated and claimed on the CEC. While these terms have been used in the past to describe a specific organizational structure of a CWD, they are often confusing and are not completely representative of the ways in which counties organize their public social services functions. Rather than focusing on these terms, the Fiscal Policy Bureau (FPB) will focus on how a specific CWD reorganization relates to claiming, rather than how it is structured.

Since the distribution of CFL No. 90/91-53, legislation has passed (Government Code 33200-33205) which allows counties to organize the delivery of public social services within departments that provide human assistance, human services, and medical systems. Prior to the passage of this legislation, all public social services were required to be organized under a single county agency (Welfare and Institutions Code, Section 10800).

There are two different organizational structures which typically impact cost claiming. The first structure consists of a single county agency (e.g., a CWD) administered by one director which encompasses all services within the same budget units. This is the way counties have traditionally been organized. The second organizational structure may consist of a county agency's public social services programs being split among multiple departments with separate functions. The various departments are administered by different department heads and have separate and distinct budget units but all departments report to an agency director.

Because of statutory authority allowing counties to have public social services programs within more than one department, the FPB will no longer approve county reorganizations. Counties are reminded that a revised Support Staff Time Reporting Plan (SSTRP) is necessary when a CWD undergoes a reorganization at the department or division level. The county is required to maintain the SSTRP in their county files for future audit purposes.

While counties may reorganize their public social services programs into several departments, only one CEC should be submitted. Counties with multiple departments within a single county agency should have Interagency Agreements in place between the various public social services departments which outline their respective responsibilities and how costs will be allocated/billed to the CWD and ultimately claimed on the CEC. Although the department providing the service may retain the supporting documentation, the ultimate responsibility will be on the CWD to ensure costs are claimed appropriately.

Counties with a specific or unique situation who believe it is necessary to submit more than one CEC must submit the following information to the FPB prior to the implementing quarter and allow 60-90 days for FPB review and approval.

- An explanation of the need to submit more than one CEC and why the needs cannot be accomplished under the current flexible claiming provisions allowing direct charging of many costs.
- An organizational chart describing the CWDs structures, including a description of the programs and functions in each department to be included on each claim.
- Identification of all cost categories that are shared between the departments, e.g., administrative functions, including management, personnel, budget and accounting functions.
- A description of the methodology (counties with multiple departments must submit a cost allocation plan for each department) used to distribute costs between the departments or within the agency, including an explanation of how administrative functions and overhead costs (e.g., space) are to be shared and reported.

As part of the review and approval process, the FPB will evaluate the information submitted by counties to ensure equitable cost distribution, compliance with current A-87 and CWD CAP requirements, and consistency with federal and state statutory authority. Once the FPB has determined that the county's proposal is in compliance with these requirements, multiple CECs may be submitted in the next full quarter from the date of approval. This is necessary in order to allow the FPB to set up the proper claiming and audit systems.

Counties are encouraged to run a "mock" claim to identify any impacts to allocations and/or cost shifts. Counties are cautioned that cost shifts resulting in an increase of State General Funds will not necessarily be funded. Further, where multiple departments share program costs under a single program allocation, only one allocation will continue to be provided for county use.

If you have questions regarding the content of this letter, please contact your county analyst or the FPB at (916) 657-3440.

*Original Signed by
George E. Peacher, Jr. on June 23, 1999*

GEORGE E. PEACHER, JR., Chief
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